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ASCS Commodity Fact Sheet

RICE

Summary of 1988 Support Program and Related Information

United States
Department of
Agriculture

Agricultural
Stabilization and
Conservation
Service

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LEGISLATIVE AUTHORITY

The Agricultural Act of 1949; the Food Security Act of 1985; The Food Security Improvements Act of 1986; and the Omnibus Budget Reconciliation Act of 1987 provide authority for the 1988-crop rice program.

ACREAGE LIMITATION

A 25 percent acreage limitation program has been announced for the 1988 crop. To be eligible for income and price support payments, farmers must limit 1988 rice plantings to no more than 75 percent of the farm's rice base. Acreage equal to 33.33 percent of the planted acreage must be devoted to approved conservation uses (referred to as Acreage Conservation Reserve (ACR) acres).

ACREAGE BASES

The 1988 acreage base for a farm is the average of the acres planted and considered planted (P and CP) during the previous five years (1983-1987). Years with zero P and CP acreage may be excluded from the calculation but in such cases the acreage base cannot exceed the 1986-1987 average including zero years. For the purposes of establishing the 1988 acreage base, P and CP credit is given for the full base for any year during 1983-1987 in which the farm participated in the acreage reduction program, as well as for years when zero planted acreage was certified to the county ASCS office. On farms that have been following a definite crop rotation program, the acreage base reflects rotations. Producers will not be permitted to adjust any crop acreage base by up to 10 percent of the base with a corresponding downward adjustment in other crop acreage bases on the farm.

TARGET PRICE AND DEFICIENCY PAYMENTS

The 1988 established "target" price is \$11.15 per cwt. If the market price received by farmers during the first five months of the marketing year (August through December) is at or above the target price, no deficiency payments will be made. If the average price is below the target price, eligible producers will receive payments at a rate equal to the difference between the target price and the higher of the loan level or the average market price.

50/92 PROVISION

Deficiency payments are available on the acreage planted to rice within the permitted acreage. However, growers who plant less than their permitted acreage may receive deficiency payments on a portion of their underplanted acreage. If growers plant between 50 and 92 percent of their permitted acreage to rice and devote the remaining acres of their permitted acreage to a conserving use (CU), they will be eligible to receive deficiency payments on 92 percent of the permitted acreage. A minimum payment rate is not guaranteed under the rice 50/92 provision.

ACR/CU USES

Grazing of ACR and CU acreage of the 50/92 provision will be permitted except during 5 consecutive months of the 7-month period between April 1 and October 31 as designated by the State Agricultural Stabilization and Conservation Committee. Haying will not be allowed except under

emergency conditions unless it is determined, based upon information submitted by a State ASC Committee, that haying will not result in an adverse economic effect in the State. Haying and grazing of Conservation Reserve Program acreage is prohibited.

Advance deficiency payments based on 40 percent of the projected deficiency payment rate of \$1.65 per cwt. (\$0.66) are available to producers enrolled in the 1988 program. Fifty percent of the advance will be paid in cash at signup and 50 percent by generic certificates on or about May 16, 1988.

Final deficiency payments will be made during February 1989. Any advances received will be deducted from the total payment due. Producers who accept advance payments, but who later do not comply with program provisions, must immediately refund the advance with interest.

MARKETING LOANS

The 1988 loan and purchase rate is \$6.63 per cwt. Loan rates for individual lots of rice are based on the class, milling yield, and quality of the rice. The whole kernel loan rates per pound are 10.89 cents for long grain and 9.89 cents for medium and short grain. The broken kernel rate is 5.45 cents. National average farm stored loan rates will be \$6.75 per cwt. for long grain rice, \$6.33 per cwt. for medium grain rice, and \$5.98 per cwt. for short grain rice. Individual farm stored loan rates will be established by State for each class of rice. Loans are available from harvest time through March 31, 1989. Loans mature on demand but not later than the last day of the ninth calendar month following the month in which the loan application was made.

Loans may be repaid at a level which is the lower of 1) the loan level or 2) the higher of the world price or 60 percent of the loan level of the rice. Loan deficiency payments (payments based on the difference between the 1988 loan rate and the repayment rate) will not be offered to producers who agree to forego obtaining a loan or purchase agreement. Thus, producers must place eligible 1988 production under loan and repay such loan to acquire any marketing loan gain. In repaying such loans, producers will not be permitted to purchase rice-specific marketing certificates with a portion of the marketing loan gain.

WORLD PRICE

The Secretary of Agriculture announces the world price of rice based on a published formula. The world price is based on prices at which foreign-origin rice is being sold in world markets. Such prices are adjusted to U.S. quality and location and are calculated to a loan rate basis, that is, separately for long, medium, and short whole milled kernels and for broken milled kernels. Producers multiply the announced prices by the milling outturns of their rice to determine its world price.

MARKETING CERTIFICATES

Generic commodity certificates will be made available to producers and eligible cooperatives selling rice or repaying price support loans if such transactions occur when the prevailing world price for the rice is below the current loan repayment rate. The certificates' value will equal the difference

between the loan repayment rate for the eligible rice and the world market price multiplied by the quantity of eligible rice sold or redeemed. Application for certificates must generally be made within 30 days from the date the loan was repaid or, for rice not pledged as loan collateral, from the day the rice was sold.

CROSS COMPLIANCE

Limited cross compliance is in effect for the 1988 rice crop. To be eligible for price support loans, purchases or payments for rice, the acreage planted for harvest to other program crops on the farm may not exceed the crop acreage bases for those crops.

FARM PAYMENT YIELD

The 1988 farm program payment yield is the average of the program payment yields for the 1981-1985 crops, excluding the years with the highest and lowest yields. However, producers whose 1988 program yields are reduced below 90 percent of their 1985 program yields will receive certificates to ensure returns as if the yield had not been reduced by more than 10 percent.

PAYMENT LIMITATION

The total deficiency and diversion payments under the rice, wheat, feed grain, upland cotton, and extra long staple cotton programs are limited to \$50,000 per person. In addition, the total of the following payments, combined with the total deficiency and diversion payments, is limited to \$250,000 per person: (1) disaster payments; (2) any gain realized by repaying a loan at a lower level than the original loan level, including loans for honey or any other commodity; (3) any deficiency payment for wheat or feed grain attributable to a reduction in the statutory loan level; (4) any loan deficiency payment; (5) any inventory reduction payment and; (6) any payment representing compensation for resource adjustment (other than diversion payments) or public access for recreation. Excluded from the limitation are price support loans, upland cotton first handler certificate payments, and rice marketing certificate payments.

Producers whose deficiency payments are estimated to be reduced by the payment limitation are eligible to have their required ACR acres decreased in proportion to the reduction in payments. The reduced ACR acres can then be planted to an alternative crop.

DISASTER PAYMENTS

Disaster payments will be made only to producers to whom federal crop insurance is unavailable. However, at the Secretary's discretion, disaster payments could be made if losses create an economic emergency too serious to be relieved by crop insurance or other federal aid.

DIVISION OF PAYMENTS

Payments must be divided as the crops or proceeds are divided (or would have been divided if the crops had been produced).

SODBUSTER/ SWAMPBUSTER PROVISIONS

Any person who, after December 23, 1985, brings into production a field which is predominantly highly erodible land, or who converts wetland to the production of any agricultural commodity, will be ineligible on his or her entire farm or farms for any farm program benefit or payment.

GRAMM-RUDMAN- HOLLINGS ACT

Payments and loans to producers for the 1988 crops will not be subject to a reduction.

This Program or Activity Will Be Conducted on a Nondiscriminatory Basis Without Regard to Race, Color, Religion, National Origin, Age, Sex, Marital Status, or Handicap.

